

FISCAL IMPACT STATEMENT ON BILL NO. **H3536**

(Doc. No. 3188dw05.doc)

TO:	The Honorable Robert Harrell, Chairperson, House Ways and Means Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Allan Kincaid, Kate Billing, Ken Brown		
DATE:	May 3, 2005	SBD:	2005349

AUTHOR:	Representative J. E. Smith	PRIMARY CODE CITE:	38-71-48
SUBJECT:	Insurance Coverage for Colorectal Cancer		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
A Cost of Federal and/or Other Funds (See Below)

BILL SUMMARY:

The proposed Bill amends the Code of Laws of South Carolina, 1976, by adding Section 38-71-48 so as to require insurance coverage for colorectal cancer early detection for certain persons.

EXPLANATION OF IMPACT:

State Budget and Control Board - State Health Plan (Plan)

A review of this Bill by the Employee Insurance Program of the State Budget and Control Board estimates the enactment of this Bill would increase the Plan's claims expense by approximately \$23 million each year. Since the Bill is not specific as to whether the employer and/or employee premiums will be increased, it is assumed for this impact statement that the employer's contribution will be increased to absorb the cost of this benefit. Therefore, of the \$23 million there will be an annual cost to the General Fund of the State of \$12.65 million. The remaining \$10.35 million represents an additional cost of Federal and/or other funds to state agencies, school districts and other entities. Other sections of the Bill that may result in additional cost to the Plan, but for which no estimate was provided, include the following items.

1. Section 1(C) (6) requires any medically recognized screening tests for colorectal cancer as determined by the Commissioner of DHEC in consultation with appropriate organizations.
2. Section (F) mandates that provider reimbursement for colorectal cancer screenings be equal to or greater than Medicare reimbursement. Although the Plan's reimbursement levels are above Medicare levels, this mandate represents the first instance in which a specific provider reimbursement level was mandated by law.
3. Section (G) requires the Plan to notify enrollees by mail annually of colorectal cancer screening benefits. Currently the Plan notifies subscribers of Plan benefits through newsletters, websites and the annual summary plan of benefits.

Department of Health and Human Services (HHS)

The Bill does not specifically include or exclude the Medicaid program from its requirements. Assuming the requirements do apply to the Medicaid program enactment would result in an impact on the General Fund of \$564,660, and \$1,298,048 on Federal Funds. Currently, 7,864 individuals are being served by the colorectal cancer screening program, at a cost of \$85.32 per person. As this Bill would require annual screening letters to all high-risk recipients, HHS estimates that the recipient count would double to 15,728 individuals. Also,

enactment of this Bill would increase the reimbursement rate for this service to at least 100% of Medicare rates. This rate increase brings the expense of treating those in the colorectal cancer screening program, to approximately \$159.88 per person.

Department of Insurance

The Department indicates that this Bill would have no impact on the General Fund of the State or Federal and/or Other Funds.

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

None.

Approved by:

A handwritten signature in black ink that reads "Don Addy". The signature is written in a cursive, flowing style.

Don Addy
Assistant Director, Office of State Budget